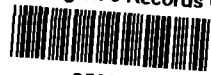


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IN THE UNITED STATES DISTRICT COURT  
FOR THE NORTHERN DISTRICT OF ILLINOIS  
EASTERN DIVISION

TERESA LeCLERCQ, AL LeCLERCQ,	)	
JAN MATISIAK and WALT MATISIAK,	)	
individually and on behalf of	)	
all persons similarly situated,	)	
	)	
Plaintiffs,	)	
	)	
vs.	)	No. 00 C 7164
	)	
THE LOCKFORMER COMPANY, a division	)	
of MET-COIL SYSTEMS CORPORATION, a	)	
Delaware corporation; and MESTEK,	)	
INC., a Pennsylvania Corporation,	)	
	)	
Defendants.	)	

DEPOSITION OF RANDY STODOLA

October 17, 2001 - 10:00 a.m.

Deposition taken pursuant to the applicable  
provisions of the Federal Rules of Civil Procedure  
pertaining to the taking of depositions, before  
Lynette J. Neal, C.S.R., taken at 1770 North Park  
Street, Suite 200, Naperville, Illinois.

D-569001

10

1       zeroed out.

2           Q     Okay.  So when Lockformer receives an  
3       invoice from, let's say, an environmental consultant  
4       and prior to the time it pays it, what's the entry?

5           A     It is a debit to that liability account and  
6       a credit to the payable account.

7           Q     Okay.  A different payable account,  
8       obviously; correct?

9           A     Just your basic payables; correct.

10          Q     And then when that vendor is paid,  
11       presumably there is a credit to cash for the amount of  
12       the payment and a debit to that account, the liability  
13       account, that payable account that you say was just  
14       set up; correct?

15          A     Correct.

16          Q     Okay.  The monies received by Lockformer  
17       from Allied Signal pursuant to the settlement  
18       agreement were never put into a separate account, were  
19       they?

20               MR. BIEDERMAN:  Object to form.

21       BY THE WITNESS:

22          A     Correct.

23       BY MR. COLLINS:

24          Q     They were put into Lockformer's general cash

1 account, weren't they?

2 A Correct.

3 Q At no time were they ever set up in an  
4 escrow account or any other account besides  
5 Lockformer's general cash account; correct?

6 A Correct.

7 Q Why was that?

8 MR. BIEDERMAN: I will object to form and  
9 foundation, calls for speculation. You can answer.

10 BY THE WITNESS:

11 A Again, I was not part of that original  
12 transaction, but my understanding of the corporate  
13 structure was that all money being deposited -- we had  
14 a revolving line of credit and we had long-term debt.  
15 Any money that was deposited for the day that was in  
16 excess of what we had to pay out for checks presented  
17 would have been used to pay down that revolving line,  
18 any money that was needed to pay off. The vendors'  
19 checks that were presented, you know, short from what  
20 we would have collected for the day, went against the  
21 revolving line.

22 BY MR. COLLINS:

23 Q The revolving line, you are referring  
24 essentially to a bank loan; correct?

1           A     Correct.

2           Q     Okay.  So when that \$400,000 was originally  
3     deposited in Lockformer's general checking account, it  
4     either went fairly quickly to pay the day-in and  
5     day-out bills of Lockformer, or if anything was left,  
6     it went to draw down the bank loan; correct?

7           A     Correct.

8                     MR. BIEDERMAN:  Object to form and  
9     foundation, calls for speculation.

10          BY MR. COLLINS:

11          Q     At the time, let's say 1995, '96, '97, '98,  
12     Lockformer and Met-Coil had escrow accounts for other  
13     purposes, did they not?

14          A     I believe there were some that were maybe  
15     specific to our financial lender's --

16          Q     Requirements?

17          A     Requirements, yes.

18          Q     The banks had you set up escrow accounts;  
19     correct?

20          A     I believe so.

21          Q     Did you ever recommend that any amount of  
22     money be put into an escrow or separate account to pay  
23     these environmental expenses?

24          A     No.

1 Q Why not?

2 A Again, the transaction had already occurred,  
3 and we just carried on with the way it was set up.

4 Q You are familiar with the resolution of the  
5 CTI litigation involving Lockformer and CTI and  
6 others, aren't you?

7 A Correct.

8 Q You are aware that for a period of time, but  
9 certainly involving '94, '95, and '96, that pursuant  
10 to the settlement agreement between Lockformer and  
11 CTI, Lockformer had to make substantial annual  
12 payments to CTI; correct?

13 A Correct.

14 Q And for at least '94, '95 and '96 those  
15 payments had to be made in January of each year;  
16 correct?

17 A Correct.

18 Q January 27th or so; right?

19 A That sounds right.

20 Q All right. And the amount of the payment to  
21 be made each January was upwards of \$600,000, wasn't  
22 it?

23 A Correct.

24 Q In fact, in January of 1995 it was \$675,000,

1       wasn't it?

2           A     That's correct.

3           Q     It is also true, isn't it, that in 1994 and  
4       1995 Lockformer was having cash flow problems, isn't  
5       it?

6                     MR. BIEDERMAN:  Object to form.

7       BY THE WITNESS:

8           A     At that point in time I wasn't specifically  
9       involved with them, but that was my understanding.

10      BY MR. COLLINS:

11          Q     Okay.  Isn't it likely that the first  
12       \$400,000 payment which Lockformer received in late  
13       1994 from Allied was used, in substantial part, to  
14       make that January 1995 payment to CTI?

15                    MR. BIEDERMAN:  Object to form and  
16       foundation, calls for speculation.  If you understand  
17       the question, you can answer it.

18      BY THE WITNESS:

19          A     If I understand the question, no, that is  
20       not correct.

21      BY MR. COLLINS:

22          Q     Why not?

23          A     Again, in walking through the structure of  
24       the way the cash is collected, it would have been used

1 to offset the revolving line of credit.

2 Q So the \$400,000 payment that Lockformer  
3 received in late 1994 from Allied Signal pursuant to  
4 the settlement had been used for other purposes by  
5 January 27th of 1995; correct?

6 MR. BIEDERMAN: Object to form and  
7 foundation.

8 BY THE WITNESS:

9 A That --

10 MR. BIEDERMAN: Do you understand the  
11 question?

12 BY THE WITNESS:

13 A As I answered before, yes, it would have  
14 been applied immediately to the revolving line of  
15 credit.

16 BY MR. COLLINS:

17 Q So if Lockformer received that \$400,000 from  
18 Allied Signal in December of 1994, then long before  
19 January 27th of 1995 whatever remained of that  
20 \$400,000 that hadn't been used to pay the day-in and  
21 day-out bills of Lockformer would have been used to  
22 pay down the revolving bank line; correct?

23 MR. BIEDERMAN: Object to form and  
24 foundation.

1 BY THE WITNESS:

2 A I either don't understand -- could you  
3 repeat that?

4 BY MR. COLLINS:

5 Q Sure. Let me move on. Have you ever  
6 maintained any files which describe the expenses that  
7 were applied against the Allied Signal settlement  
8 monies?

9 A Other than that general ledger account? Is  
10 that your question?

11 Q I am asking specifically now about you,  
12 okay? I will get in a second to the people who may  
13 report to you or with whom you may work, okay?

14 A Okay.

15 Q I am asking whether you have ever maintained  
16 in your files that you work with any documents that  
17 describe the expenses which have been off set against  
18 the \$800,000 received by Lockformer from Allied  
19 Signal?

20 A No.

21 Q Okay. Does Lockformer or Met-Coil, to your  
22 knowledge, maintain any such records?

23 A Lockformer, through the normal preparation  
24 for year-end audits, would have detailed that account



1 at the end of each year.

2 Q Okay. And if I ask you the people who would  
3 have done it, you have already given me those names,  
4 to the best of your knowledge; right?

5 A That's correct.

6 Q And what kind of documents did these people  
7 prepare? Did they prepare anything, to your  
8 knowledge, other than entries in the general ledger as  
9 you have already described?

10 A At the end of the year, we would have  
11 prepared a statement that listed out activity in that  
12 account during the year.

13 Q Okay. To your knowledge, has anyone at  
14 Lockformer or Met-Coil ever prepared a report, other  
15 than on an annual basis, describing the status of that  
16 account? And by "status," I mean how much has been  
17 spent so far as applied against that \$800,000.

18 MR. BIEDERMAN: Object to form.

19 BY THE WITNESS:

20 A I do believe that there was another account  
21 put together that may not have been inclusive of all  
22 the previous invoices.

23 BY MR. COLLINS:

24 Q Okay. Tell me about that account. What